CHIEF ADMINISTRATIVE OFFICER
COUNTY OF LOS ANGELES

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CHIEF ADMINISTRATIVE OFFICER

January 7, 1977

To: All Department & District Heads

From: Harry L. Hufford
           Chief Administrative Officer

Subject: DEPARTMENTAL PRODUCTIVITY
           IMPROVEMENT ACTIVITIES

Two new management concepts are being implemented at the Board's direction to assist in improving departmental service delivery. Each department is to submit a plan for a Departmental <u>Productivity Improvement Program</u> for fiscal year 1977-78. <u>Productivity Indexes</u> are being developed as graphic presentations of the ratio between a department's service delivery (output) and resource use (input). The target established by the Board is that at least 65% of the County will be covered by Productivity Indexes by the end of this fiscal year. And, to emphasize the importance of these efforts, the Department of Personnel is conducting a special workshop in managing departmental productivity changes for managers and supervisors throughout the County.

Productivity Improvement Programs

Productivity Improvement Programs focus management's efforts on the most effective and efficient methods of maintaining service levels with increasingly limited resources. A discussion of Departmental Productivity Improvement Program planning is included as Appendix A.

Productivity Indexes

Productivity Indexes (measurements of departmental effectiveness and efficiency) are designed as management tools for departmental management to use in more clearly relating output to resource use, and as a guide to maximizing the use of these resources. They will be helpful to the Board in the budget review process to identify departments which have a high rate of productivity.

Basic information, including concepts of productivity and methods for increasing it will be presented. The main objective, however, will be to stimulate ideas for productivity changes from your own staff.

For your convenience, workshops will be conducted within your own departmental facilities. Scheduling and conduct of the workshops will be the responsibility of the Employee Development Division.

The Employee Development Division analyst assigned to your department will be contacting you in the next few weeks to arrange for a top management review of the program. Following this, we will work with your personnel office in scheduling the program for the remainder of your management and supervising personnel.

All of these efforts are aimed at assisting you to make increasingly better use of your resources. I am informing the members of the Board of Supervisors of these projects and will apprise them of the results. Significant achievements by individual departments will be incorporated in the follow-up report to them.

HLH:DMC:sme
Attachments

<u>DEPARTMENTAL PRODUCTIVITY IMPROVEMENT PROGRAMS</u>

The concept of productivity implies a ratio of the quality and quantity of services (output) to the budget resources (input) invested to achieve them. Productivity improvement primarily results from deliberate management efforts to increase the ratio of outputs to inputs, that is, providing more effective or higher quality services at the same cost (or the same services at lower cost).

Government productivity has two dimensions: Effectiveness and Efficiency.

-- Effectiveness is the extent to which programs achieve their objectives.

-- Efficiency means the organization of resources to carry out programs and functions at optimal cost.

The beginning of productivity improvement consists of three phases or steps:

Step one is the identification and prioritizing of operational goals and objectives. Productivity must first be concerned with what we should or should not be doing. Administrative responsibility should be clearly fixed and priorities set. Both goals and objectives should be operational and specific.

The second step is choosing those alternative methods that are most cost-effective. In order to achieve basic goals and objectives, choices should be made among alternative approaches. Selection of approaches with the highest cost-effectiveness ratio presents the greatest opportunity for improving productivity.

The third step is the application of effective management and supervision. The time-tested principles of organization, specialization, supervision, communication, and established procedures are still valid. This means the crucial step is persistence in the follow through. More plans fail because of not following through.

The Productivity Improvement Program for your department should include the following:

1. A prioritized list of productivity goals and objectives.

2. A list of planned productivity improvement projects in order of cost/service impact.
    (Selection of projects with the highest cost impact presents the greatest opportunity for achieving the maximum payoff from your Productivity Improvement Program)

3. The development of productivity measurement. Defining and

measuring output and input helps focus on the relative importance
and validity of the goals and objectives.

4. An analysis of the alternative means of getting the work out.
Evaluate alternatives versus present methods and select areas
with the greatest systems and methods cost improvement potential.

5. Development of a profile of your organization. Comparatively
evaluate the ideal organization for obtaining the desired results
against the present organization. Review your system for:

   a. Communication.
   b. Measurement of output versus cost.
   c. Measurement of employees' performance in terms
      of results.
   d. Recognition and reward for superior performance and
      results (the key to motivation).

6. A plan reflecting all elements of the productivity improvement pro-
ject, including the person assigned and responsible, the deliverable
end product, and the scheduled start and completion dates.

PRODUCTIVITY INDEXES

Productivity Indexes are important to your Productivity Improvement Program since they measure your achievement in increasing productivity through more effective management and improved work methods.

To measure your productivity, it is necessary to define and quantify the major work products of your department. These output indicators should relate to your Program Objectives and Goals. Typically, these indicators can be obtained from existing statistics that measure, not how hard you work, but what you produce. Though your department may have several products, it is only necessary to choose those major output indicators which most significantly impact your service level.

To provide for a diversity of program activities in your department, output measures must be expressed using a common denominator. There-fore, the base and successive years of output are converted to hours of service.

Once your department's total hours of service provided (output) is calculated, it can be compared to the total expended labor hours (input) for the same time period. This comparison (ratio) is the Productivity Index and is expressed as a percentage.

Productivity Measurement (Index) is comparing this output (service delivery) to the input (amount of resources). The Productivity Trend is a plot of the Productivity Indexes over a period of time, in this case by fiscal year, relative to the base year.

Normally a departmental Productivity Trend will show the Productivity Indexes for the past five years. The first year is used as the base year. The base year is mathematically adjusted to equal 100.

The most important single concept in the development of Productivity Indexes (ratios of output to input) is the interpretation of the results. When graphed, the results trace the Productivity Trend from year to year. It is this trend (increase or decrease) that is significant.

On the following page is a sample of a Productivity Index with graphed Productivity Trend. A comprehensive manual on Productivity Index preparation will be provided at the Training Workshops.

COUNTY OF LOS ANGELES	REPORT ON PRODUCTIVITY TREND WITH ANNUAL PRODUCTIVITY INDEXES		
DEPARTMENT: SAMPLE	DIVISION/SECTION:		SERVICE PROGRAM:
DEPARTMENT APPROVAL:	CAO APPROVAL:		DATE:

FISCAL YEAR

LEGEND:
OUTPUT ● ● ●
INPUT ▬ ▬ ▬
PRODUCTIVITY
TREND ▬▬▬▬

BASE
YEAR
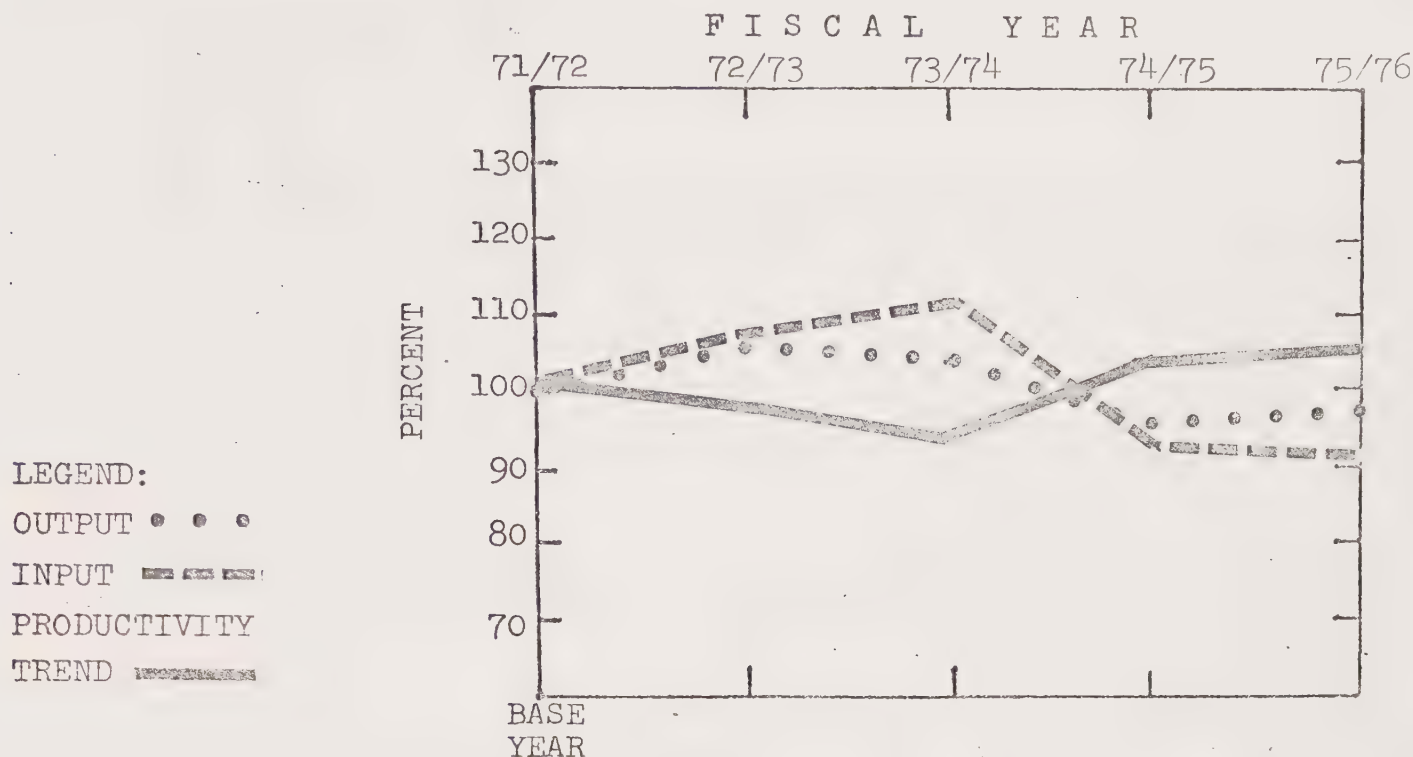
	71/72	72/73	73/74	74/75	75/76
OUTPUT/HOURS	18,210	19,109	19,005	17,566	17,644
OUTPUT/PERCENT	100%	105%	104%	96%	97%
INPUT/HOURS	18,210	19,326	20,002	17,086	16,753
INPUT/PERCENT	100%	106%	110%	93%	92%
PRODUCTIVITY INDEX	100%	99%	95%	103%	105%

Explanation:

- Output hours are hours of annual services delivered (included service programs/sub-programs and methodology of calculation are shown on the attachment).
- Output percent represents the annual output hours expressed as a percentage of the base year annual output hours.

- Input hours represent annual employee hours expended.
- Input percent represents the annual input hours expressed as a percentage of base year annual input hours.

- Productivity Index is the ratio of output to input.
- Output, Input, and Productivity Index for the base year are adjusted mathematically to 100 percent.
- The Productivity Trend is the plot of Productivity Indexes over a period of time.

PRODUCTIVITY IMPROVEMENT PLANNING

BRIEFING AND TRAINING WORKSHOP SCHEDULE

Management Briefing

The Management Briefing is designed to explain the need for the Productivity Improvement Plans and Productivity Indexes, what they are, how they will be developed and how it is anticipated that they will be used in the budget process as a management tool to help control operations. The briefing is also intended for discussion about the potential benefits of productivity measurement and improvement and to answer questions about the impact of the program. Each departmental Management Coordinator is expected to represent the department at this briefing and the department's Technical and Administrative Coordinator is expected to attend as part of his preparation for the following training seminars.

Management briefings for following (Group I) departments will be on February 4, 1977 at 9:00 a.m. in Room 374A of the Hall of Administration:

Adoptions	Community Development	Otis Art Institute
Agricultural Comm.	Consumer Affairs	Public Administrator
Animal Control	County Counsel	Purchasing & Stores
Arboreta & Botanic Gardens	Executive Office	Regional Planning
Beaches	Farm Advisor	Sr. Citizens Affairs
Chief Admin. Office	Human Relations Comm.	Small Craft Harbors
Chief Med. Examiner-Coroner	Military & Veterans Aff.	Treasurer-Tax Collector
Collections	Museum of Art	Weights & Measures
	Museum of Natural Hist.	

Management briefings for following (Group II) departments will be on February 7, 1977 at 9:00 a.m., in Room 739 of the Hall of Administration:

Assessor	District Attorney	Parks & Recreation
Auditor Controller	Facilities	Personnel
Building Services	Flood Control	Probation
Communications	Forester & Fire Ward.	Public Defender
County Clerk	Library	Registrar-Recorder
County Engineer	Health Services/Hosp.	Road
Data Processing	Marshal	Sheriff
Dept of Public Social Svcs.	Mechanical	Superior Court
	Municipal Court	

Training Seminars

The Training Seminars are designed to explain the details of developing the Productivity Plans and Indexes. They will also cover techniques and guide the Technical Coordinators through the start up phase of program development. Technical Coordinators are expected to attend all three of these sessions and to complete assigned data collection and other start up activities between sessions.

Training Seminar #1 for Technical and Administrative Coordinators will be held on Friday, February 11, 1977 in Room 348 of the Hall of Records; Group I departments at 9:00 to 11:30 a.m., Group II departments at 1:00 to 3:30 p.m.

Training Seminar #2 for Technical and Administrative Coordinators will be held on Wednesday, February 16, 1977 in Room 348 of the Hall of Records; Group I departments at 9:00 to 11:30 a.m., Group II departments at 1:00 to 3:30 p.m.

Training Seminar #3 for Technical and Administrative Coordinators will be held on Wednesday, February 23, in Room 348 Hall of Records; Group I departments at 9:00 to 11:30 a.m , Group II departments at 1:00 to 3:30 p.m.